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February 7, 2006

Honorable James H. Welsh Commissioner of Conservation State of Louisiana Post Office Box 44275 Baton Rouge, Louisiana 70804-4275

## Re: APPLICATION FOR PUBLIC HEARING.

Gray Sand, Reservoir A, and Cotton Valley Formation, Reservoir A, SOUTH SAREPTA FIELD, Bossier and Webster Parishes, Louisiana.

Dear Sir:

CLAYTON WILLIAMS ENERGY, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Gray Sand, Reservoir A, and to the Cotton Valley Formation, Reservoir A, in the South Sarepta Field, Bossier and Webster Parishes, Louisiana:

## Gray Sand, Reservoir A

- 1. To authorize Applicant to drill, designate and utilize substitute unit wells for GRAY RA SUP and for GRAY RA SUQ at any legal location within 100' of the proposed bottomhole locations shown on an attached plat.
- 2. To find that each of the proposed substitute unit wells is necessary to efficiently and economically drain a portion of the Gray Sand, Reservoir A, underlying the unit on which it is proposed to be drilled which cannot be efficiently and economically drained by any existing well on such unit.
  - 3. To designate Applicant as operator of GRAY RA SUP and of GRAY RA SUQ.
  - 4. To discuss such other matters as may be pertinent to the Gray Sand, Reservoir A.

The Gray Sand, Reservoir A, in the South Sarepta Field, Bossier and Webster Parishes, Louisiana, is defined in Office of Conservation Order No. 167-F-2, effective November 12, 1974.

## Cotton Valley Formation, Reservoir A

1. To establish rules and regulations governing the exploration for and production of gas and condensate from the Cotton Valley Formation, Reservoir A.

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- 2. To create two (2) drilling and production units for the exploration for and production of gas and condensate from the Cotton Valley Formation, Reservoir A, such units being designated CV RA SUA and CV RA SUB, and being shown on an attached plat.
- 3. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed units with each separate tract sharing in unit production on a surface acreage basis of participation.
- 4. To designate an Operator of, and unit wells for, the proposed units as may be appropriate.
- 5. To provide that future wells drilled to the Cotton Valley Formation, Reservoir A, be located no closer than 330 feet to any unit line and no closer than 2,000 feet to any well completed in, drilling to, or for which a permit shall have been granted to drill to the Cotton Valley Formation, Reservoir A.
- 6. To define the Cotton Valley Formation, Reservoir A, as the stratigraphic equivalent of that gas and condensate bearing interval encountered between the depths of 8,385 feet and 10,040 feet, electric log measurements, in the Kerr-McGee Oil and Gas Onshore LLC--Browder 26 No. 1 Well (SN 229161), located in Section 26, Township 22 North, Range 11 West, Bossier Parish, Louisiana.
- 7. To consider such other matters as may be pertinent to the Cotton Valley Formation, Reservoir A.

Pertinent data concerning this application is available for inspection at the offices of Clayton Williams Energy, Inc., 700 Rockmead, Suite 159, Kingwood, Texas 77339. Any person wishing to inspect such data should call Mr. Sam Sheets at (281) 359-5511, ext. 4042, during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

By letter dated January 26, 2006, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these proposals and set February 22, 2006, as the tentative date for the pre-application conference. No request for the pre-application conference was received within ten (10) days after the date of said letter; accordingly, the conference will <u>not</u> be held.

Pursuant to the Revised Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of each of the unit plats (which are identical to the unit plats attached to the pre-application notice) is enclosed herewith, and a copy of this letter and of the attached plats is being sent to the District Manager of the Shreveport District of the Office of Conservation and to each of the Interested Owners, Represented Parties and Interested Parties as shown on the attached list.

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Applicant will provide for posting of a copy of the Legal Notice of this hearing, and of the enclosed plats, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of South Sarepta Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, enclosed herewith is our check payable to the Office of Conservation covering the application fee.

David I Smelley

Attorney for Clayton Williams Energy, Inc.

DLS:dp Enclosures

cc: Mr. Jim Broussard (w/encls.)

Mr. Kelly Beckham (w/encls.) Mr. Sam Sheets (w/encls.) Mr. David Fox (w/encls.)

Interested Owners, Represented Parties and Interested Parties (w/plats only)



